

AP (THAILAND) PLC

No. 7/2025
13 January 2025

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 01/07/24

Company Rating History:

Date	Rating	Outlook/Alert
22/05/23	A	Stable
13/05/22	A-	Positive
21/06/11	A-	Stable
12/07/10	BBB+	Positive
28/06/07	BBB+	Stable

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RATIONALE

TRIS Rating assigns a rating of “A” to AP (Thailand) PLC’s (AP) proposed issue of up to THB3 billion senior unsecured debentures due within three years. The proceeds from the new debentures are intended to be used for debt repayments and/or business expansion. At the same time, we affirm the company rating on AP and the ratings on its outstanding senior unsecured debentures at “A” with a “stable” rating outlook.

The ratings reflect AP’s leading market position with a diverse product portfolio, satisfactory profitability, and significant backlog. The ratings also consider the company’s moderately high financial leverage, the cyclical nature of the residential property industry, the negative impacts of tighter loan-to-value (LTV) rules, high interest rates, and elevated household debt.

Under our base-case scenario, we anticipate that AP’s total operating revenue will increase to THB39-THB43 billion per annum in 2024-2026, up from THB38 billion in 2022-2023. This projection assumes that the company will launch new projects worth THB52-THB58 billion annually, with the majority being AP’s own projects. We estimate that AP’s annual EBITDA will range from THB8.0-THB8.8 billion, equivalent to an EBITDA margin of around 20% in 2024-2026.

In the first nine months of 2024 (9M24), AP reported total operating revenue of THB28 billion, achieving 72% of our full-year forecast. The operating profit margin was recorded at 16% of total operating revenue, slightly below our target. Consequently, AP’s EBITDA in 9M24 reached 70% of our annual target. However, the company’s EBITDA margin remained aligned with our expectations. For the full year of 2024, we anticipate that AP’s operating results will be consistent with the projections, underpinned by a backlog of THB37 billion (including a joint venture (JV) backlog) as of September 2024. Notably, around 40% of this backlog is expected to be delivered to customers in the last quarter of 2024.

AP’s debt to capitalization ratio declined to 44% as of September 2024, from 47% at the end of 2023, thanks to its efficient inventory management. However, the debt to EBITDA ratio increased slightly to 4.5 times in 9M24 from 4.3 times in 2023. The fund from operation (FFO) to debt ratio declined to 15% in 9M24 from 17% in 2023. We expect that AP’s stronger operating results will improve its FFO to debt ratio in the near term, in alignment with our 20% target.

The financial covenants on bank loans and debentures require AP to maintain a net interest-bearing debt to equity ratio below 2 times. At the end of September 2024, the company’s ratio stood at 0.7 times. We believe that AP should have no problem remaining in compliance with the financial covenants over the next 12 to 18 months. Its priority debt to total debt ratio as of September 2024 was 21%.

We assess AP to have adequate liquidity over the next 12 months. At the end of September 2024, the company’s liquidity sources comprised THB2.4 billion of cash on hand plus THB17.1 billion of available credit facilities. We forecast AP’s FFO over the next 12 months to be around THB6 billion. On the other hand, AP’s maturing debts over the next 12 months will amount to THB11.4 billion. These comprise THB5.9 billion of debentures and THB4.5 billion of short-term loans, with the remainder made up of project loans and financial leases. The debentures coming due are typically refinanced with new debenture issuances.

CreditUpdate, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

Short-term loans primarily serve as working capital and bridging loans for land purchases which are expected to be converted to project loans thereafter.

RATING OUTLOOK

The “stable” outlook reflects our expectation that AP will maintain its strong market position in both the landed property and condominium segments. The company is expected to sustain its revenues and earnings growth momentum as planned. Also, we expect AP to maintain its debt to capitalization ratio in the 40%-45% range while its FFO to debt ratio should gradually improve to around 20% from 2025 onwards.

RATING SENSITIVITIES

The ratings could be revised upward if the company’s operating performance and financial profile improve significantly, such that its EBITDA stays above THB10 billion and the FFO to debt ratio stays above 40% on a sustained basis. Conversely, the ratings could be revised downward should the company’s financial profile deteriorate from the current level, causing its debt to capitalization ratio to stay above 45% and FFO to debt ratio to drop below 20% on a sustained basis.

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

AP (Thailand) PLC (AP)

Company Rating:	A
Issue Ratings:	
AP251A: THB2,000 million senior unsecured debentures due 2025	A
AP251B: THB1,000 million senior unsecured debentures due 2025	A
AP257A: THB2,000 million senior unsecured debentures due 2025	A
AP258A: THB850 million senior unsecured debentures due 2025	A
AP261A: THB1,500 million senior unsecured debentures due 2026	A
AP262A: THB1,500 million senior unsecured debentures due 2026	A
AP267A: THB500 million senior unsecured debentures due 2026	A
AP267B: THB1,500 million senior unsecured debentures due 2026	A
AP26DA: THB1,500 million senior unsecured debentures due 2026	A
AP271A: THB3,500 million senior unsecured debentures due 2027	A
AP277A: THB2,500 million senior unsecured debentures due 2027	A
AP277B: THB1,000 million senior unsecured debentures due 2027	A
AP287A: THB2,500 million senior unsecured debentures due 2028	A
Up to THB3,000 million senior unsecured debentures due within 3 years	A
Rating Outlook:	Stable

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